



The National
Tax Assistance
For Working
Families Campaign

BUILD YOUR FUTURE WITH THE
EITC AND OTHER TAX CREDITS



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www.aecf.org



The Annie E. Casey Foundation

EARN IT

KEEP IT

SAVE IT



Making a Difference:

The National Tax

Assistance for Working

Families Campaign

EARN IT KEEP IT SAVE IT

EITC CAMPAIGN SUPPORTS LOW-INCOME FAMILIES

The Annie E. Casey Foundation launched the National Tax Assistance for Working Families Campaign in January of 2003 to put the power of the Earned Income Tax Credit (EITC) to work for low-income families across the nation. At multiple locations in more than 30 diverse communities from San Diego to Savannah, to rural North Carolina and New Hampshire, thousands of volunteers are providing families with free assistance in filing tax returns, claiming the EITC and other tax credits, and learning about ways to build assets and financial stability.

The EITC is one of the most effective anti-poverty strategies ever developed, lifting nearly 5 million people above the poverty line each year. First enacted in 1975, and expanded four times since, the federal tax credit enjoys bi-partisan support. It is intended to reduce the tax burden on low-income workers, supplement their wages and assist in the welfare-to-work transition. The EITC can contribute a substantial amount of money to families who are struggling to make ends meet. For example, qualified workers who are raising more than one child in their home, with a family income of less than \$33,692 (or \$34,692 for married workers) in tax year 2003, can claim an EITC of up to \$4,204.



Outreach materials from campaign sites across the nation.

The National Tax Assistance for Working Families Campaign is an integral part of the Annie E. Casey Foundation’s efforts to help build family economic success. By raising awareness of the EITC and increasing the use of tax credits, the Foundation is helping more low-income families achieve economic stability and enter the financial mainstream. In addition, the Foundation seeks to protect the full value of the EITC for families by encouraging the use of free or low-cost tax preparation and helping low-income taxpayers avoid unnecessary fees and high-interest “rapid refund” loans.

Twenty-three urban communities and rural tax assistance projects in seven states participated in the first year of the national campaign. Each site pledged to:

- Promote greater awareness of the tax code benefits, especially the EITC, among low-income families;
- Advance low-cost or free tax preparation, and the avoidance of unnecessary charges; and
- Incorporate the use of tax refunds as part of an overall asset-building strategy.

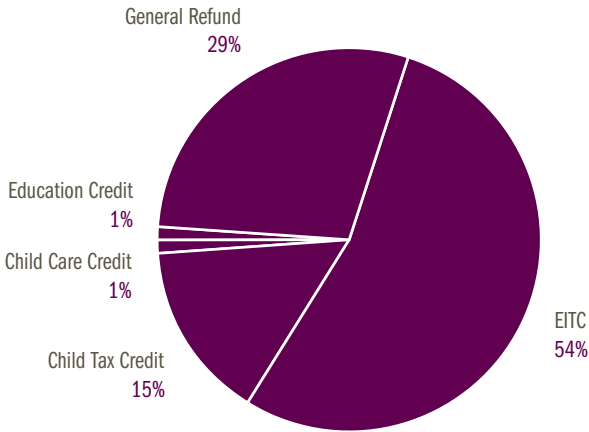
Members of the campaign also agreed to ensure high quality in the preparation of returns and customer service, and to gather data that could be used in national campaign evaluation.

Bringing Money to Working Families Who Earned It

The results of the national campaign's first year were impressive:

- Nearly 97,000 tax returns were filed in local campaign tax preparation centers.
- More than \$115 million in federal and state refunds were returned to low-income families. This included \$55 million in federal EITC credits, \$16 million in child tax credits, and \$11 million in state tax refunds.¹
- The median EITC refund received by families served by member campaigns was \$1,322. Based on a sample of the returns filed, the median adjusted gross income of campaign taxpayers was \$14,845.²

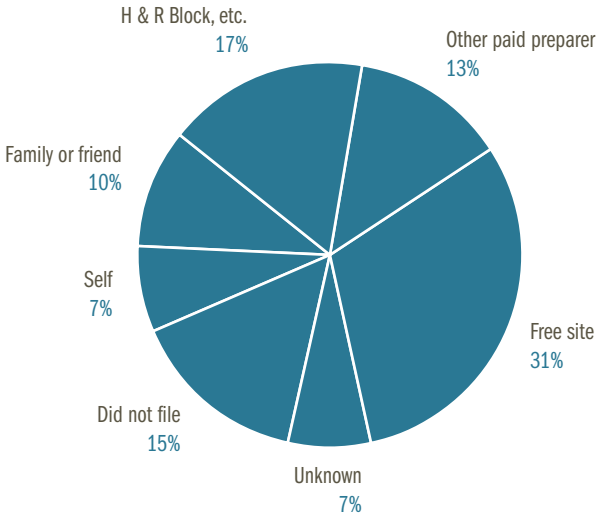
Composition of Total Federal Refunds Claimed



Keeping EITC Money in the Pockets of Low-income Families

Reflecting the campaign theme of “Earn It, Keep It, Save It,” local campaign members were able to help families save the high fees they previously had paid to commercial tax preparers. Approximately 30 percent of clients who responded to a national intake survey at the free tax assistance sites had paid to have their taxes prepared in 2002.³ It is estimated that families throughout the campaign sites saved more than \$8 million in tax preparation and refund anticipation loan (RAL) fees in 2003.⁴

Prior Year Method of Return Preparation



Helping Families Save for a Better Future

Many local campaign sites used free tax preparation interactions to provide families with information on saving and asset-building opportunities. Numerous sites provided bank account applications and information, financial literacy training and home ownership counseling. Throughout the national campaign sites, more than 3,800 families participated in financial education programs, more than 2,000 opened new savings plans and 29 purchased homes.

Spreading the Word and Speaking Out

The connection between free and affordable tax preparation, the EITC, and asset-building strategies is being embraced by a broad cross section of neighborhoods, cities, community coalitions and policymakers across the country. Inspired by the success of outreach activities supported by the Casey Foundation and other organizations, free tax preparation campaigns are springing up nationwide. A growing number of national and local foundations and nonprofit organizations have begun supporting campaigns, and elected officials at all levels are speaking out to raise awareness of the EITC as an effective tool for building family economic success.

These campaigns have done much more than just put dollars back into the pockets of low-income working families. They have created an opportunity to connect families with tax credits and a host of other work supports; developed powerful links to mainstream financial services and asset-building opportunities; and established durable connections between families, neighborhoods and the mainstream economy—one of the most important building blocks for family strengthening and neighborhood transformation.

For more information on the National Tax Assistance for Working Families Campaign, please visit www.EITC.info.

FOOTNOTES

¹The remainder was largely federal over-withholding.

²Based on a sample of 22,246 returns.

³Total number of respondents was 15,787.

⁴Estimate is based on the following formula: the national average of EITC recipients using paid tax preparers (68%) multiplied by the average cost of tax preparation (\$100) added to national average of EITC recipients who receive RALs (38%) multiplied by the average cost of RALs (\$100).



The Annie E. Casey Foundation

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The Annie E. Casey Foundation is a private charitable organization dedicated to helping build better futures for disadvantaged children in the United States. It was established in 1948 by Jim Casey, one of the founders of United Parcel Service, and his siblings, who named the Foundation in honor of their mother. The primary mission of the Foundation is to foster public policies, human-service reforms, and community supports that more effectively meet the needs of today's vulnerable children and families. In pursuit of this goal, the Foundation makes grants that help states, cities, and neighborhoods fashion more innovative, cost-effective responses to these needs. For more information, visit www.aecf.org.

Additional copies of this brochure may be ordered from the Annie E. Casey Foundation by calling 410-223-2890 or by visiting the Foundation website, www.aecf.org.

